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COLUMBIA CHARLESTON FLORENCE GREENVILLE

Haynsworth
Sinkler Boyd, P.A.

ATTORNEYS AND COUNSELORS AT LAW

1201 MAIN STREET, 22ND FLOOR (29201-3226)
POST OFFICE BOX 11889 (29211-1889)
COLUMBIA, SOUTH CAROLINA
TELEPHONE 803.779.3080
FACSIMILE 803.765.1243
www.hsblawfirm.com

BELTON T. ZEIGLER
DIRECT DIAL NUMBER 803.540.7815
EMAIL beltonzeigler@hsblawfirm.com

September 23, 2005

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SC PUBLIC SERVICE
COMMISSION

VIA HAND DELIVERY

Mr. Charles L. A. Terreni
Chief Clerk and Administrator
Public Service Commission of South Carolina
Post Office Box 11649
Columbia, South Carolina 29211

Re: Petition of South Carolina Electric & Gas Company for Extension of the September 8, 2005
Emergency Order Authorizing Petitioner to Make Sales of Approved Emergency Gas
(Supply Related)
Docket No.: 2005-260-G
HSB File No.: 04381.0217

Dear Mr. Terreni:

Enclosed for filing are an original and twenty-six (26) copies of the **PETITION** being submitted on behalf of South Carolina Electric & Gas Company in the above-referenced matter. Please be kind enough to return a clocked-copy of the document to this office via the bearer of this document.

Thanking you for your consideration, I am,

Sincerely,



Belton T. Zeigler

BTZ/abm

enclosures

cc: Florence P. Belser, Esquire
Patricia B. Morrison, Esquire
Mitchell Willoughby, Esquire

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2005 SEP 23 PM 5: 0
SC PUBLIC SERVICE
COMMISSION

STATE OF SOUTH CAROLINA
BEFORE THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
DOCKET NO. 2005-260-G

In Re: Petition of South Carolina)	
Electric & Gas Company for)	
Extension of the September 8,)	PETITION
2005 Emergency Order)	
Authorizing Petitioner to Make)	
Sales of Approved Emergency)	
<u>Gas (Supply Related)</u>)	

STATE OF SOUTH CAROLINA)	BEFORE THE
COUNTY OF RICHLAND)	PUBLIC SERVICE
)	COMMISSION
)	OF SOUTH CAROLINA
)	DOCKET NO. 2005-260-G
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In Re: Petition of South Carolina)	
Electric & Gas Company for)	
Extension of the September 8,)	PETITION
2005 Emergency Order)	
Authorizing Petitioner to Make)	
Sales of Approved Emergency)	
<u>Gas (Supply Related)</u>)	

Pursuant to S.C. Code Ann. Section 58-5-10 et seq. (1976), and specifically Section 58-5-240(G) as amended, South Carolina Electric & Gas Company Corporation (the "Company" or "SCE&G") hereby petitions the Public Service Commission of South Carolina (the "Commission") to extend its September 8, 2005 Emergency Order authorizing SCE&G to make sales of Approved Emergency Gas (Supply Related) pursuant to Section VII (a) of SCE&G's General Terms and Conditions(Supply-Related Emergency Gas").

The Petition for the proposed extension of the September 8, 2005 Emergency Order is based upon the following facts, circumstances and information:

1. On September 1, 2005, SCE&G filed with the Commission a petition to allow SCE&G to make sales of Supply-Related Emergency Gas to interruptible customers who would otherwise be curtailed due to disruptions in gas supply.
2. The Commission held a hearing on that petition on September 1, 2005.

SCPC's Vice President, Mr. Samuel L. Dozier, testified concerning the disruptions caused by Hurricane Katrina in deliveries by upstream suppliers of gas SCPC had contracted with to provide service to its system and to SCE&G and its customers.

3. Mr. Dozier testified that because of these disruptions, SCPC and SCE&G had to curtail certain categories of interruptible service pursuant Section VII of its General Terms and Conditions. While gas commodity supplies and transportation were available to serve curtailed customers, such supplies were available only at significantly elevated prices.
4. Mr. Dozier was careful to point out that SCE&G had adequate firm supply through SCPC to meet all anticipated firm demands, and the concerns about gas supply related only to interruptible customer service.
5. On September 8, 2005, the Commission issued Order No. 2005-482, approving SCE&G's request to offer Supply-Related Emergency Gas to curtailed interruptible customers priced at the actual delivered daily price of the specific source of supply used to serve the Customer, the applicable margin, and other applicable costs and charges.
6. Order No. 2005-482 specifically required that gas purchased to provide Supply-Related Emergency Gas service to interruptible customers not be considered in computing SCE&G's weighted average cost of gas, or in administering any aspects of SCE&G's Purchased Gas Adjustment process or orders.

7. Since September 1, 2005, substantial numbers of customers have made use of Supply-Related Emergency Gas allowing these customers to continue operating their factories and businesses in spite of gas supply disruptions and disruptions in the supply of alternative fuels such as propane and fuel oil.
8. By its terms, the provision of Order No, 2005-482 will expire on September 30, 2005 unless extended by further order of this Commission.
9. Upstream supplies of natural gas and alternative fuels are still disrupted. As of last week, approximately 35% of the natural gas production in the Gulf of Mexico was still out of production due to Hurricane Katrina.
10. Hurricane Rita is scheduled to make landfall near Houston, Texas on September 24, 2005. It has resulted in the on-going recovery efforts from Hurricane Katrina being suspended. Hurricane Rita is poised to cause additional damage to production in the Gulf, and to pipelines, compression stations, and processing plants needed to bring gas to market.
11. An additional round of interruptible curtailments began earlier this week as production was shut-in in anticipation of Hurricane Rita.
12. SCE&G respectfully requests that the Commission extend SCE&G's authority to offer Supply-Related Emergency Gas in response to the continued disruption in natural gas markets.
13. Specifically, as authorized in Order No. 2005-482, SCE&G asks for continued authority to offer Approved Emergency Gas (Supply Related)

at:

- a. The actual delivered daily price of the specific source of supply used to serve the Customer; plus
 - b. The Commission approved maximum contract margin for service to customers falling in the applicable curtailment category; and plus
 - c. All other costs and charges related to the specific gas supply used to serve the Customer.
14. As required by Order 2005-482, sales volumes and supply costs related to Approved Emergency Gas (Supply Related) will not be considered in computing SCE&G's weighted average cost of gas, or in administering any aspects of SCE&G's Purchased Gas Adjustment process or orders.
15. In administering its sales of Supply-Related Emergency Gas, SCE&G has confirmed sales with its customers electronically. In its confirmations, SCE&G is currently including the following terms concerning balancing:
 - a. If Customers use more Supply-Related Emergency Gas during a gas day than contracted for (resulting in a short position on SCE&G), then Customers authorize SCE&G to purchase additional Supply-Related Emergency Gas to balance their account (if SCE&G deems additional purchases to be necessary). Customers will pay SCE&G for any additional Supply-Related Emergency Gas under the pricing terms set forth above for Supply-Related Emergency Gas.

b. If Customers use less Supply-Related Emergency Gas than contracted for (resulting in a long position on SCE&G), then Customers will pay for the unused gas under the pricing terms generally applicable to Supply-Related Emergency Gas. Customers will then be required to utilize all unused Supply-Related Emergency Gas purchased for their account prior to beginning any other gas purchases (including additional daily purchases or industrial sales gas purchases after the curtailment release of Customers' priority-of-service category).

16. These provisions require the Customers to pay for and use all gas procured for the Customers' benefit under the Supply-Related Emergency Gas program. They prevent the administration of the Supply-Related Emergency Gas program from resulting in additional costs to SCE&G's weighted average cost of gas.
17. In confirmations, Customers are asked to agree that imbalances outside of tolerance of +/-5% are potentially subject to penalties. The penalties that could be imposed would be those penalties permitted under Article IV, Section 6 of SCE&G's current General Terms and Conditions for Unauthorized Overrun Gas taken by interruptible customers. SCE&G has not imposed any penalties to date, and would not foresee imposing penalties except in cases of clear abuse of the program.

18. In light of the extent of supply disruption, the slow recovery of the damaged production, and the likelihood of continued instability in gas markets, SCE&G requests that the Commission extend SCE&G's authority to offer Supply-Related Emergency Gas until November 30, 2005.
19. In some cases when supply related curtailments have been imposed, Customers have requested authorization to transport gas under their existing Interruptible Transportation Contacts with SCE&G. In such cases, customers would obtain their own gas supplies to transport. SCE&G requests that the Commission allow it to waive curtailment of interruptible transportation service on a day-to-day basis where curtailments are supply related and where SCE&G determines that capacity exists to provide the requested interruptible transportation service. The effect of this authorization will allow Customers to use interruptible transportation on a daily basis in lieu of Supply-Related Emergency Gas.
20. Because of the need for prompt action to extend Order No. 2005-482, and because the conditions requiring the September 8, 2005 Emergency Order remain unchanged, SCE&G requests that the Commission order the requested relief without a hearing on this matter.
21. All pleadings, correspondence and communication relating to this Application should be addressed to the following, who are authorized

representatives to accept service on behalf of the Company.

Patricia Banks Morrison
South Carolina Electric & Gas Company
Columbia, South Carolina 29218
(803) 217-9356

Mitchell Willoughby
Willoughby & Hoefer, P.A.
Post Office Box 8416
Columbia, South Carolina 29202-8416
(803) 252-3300

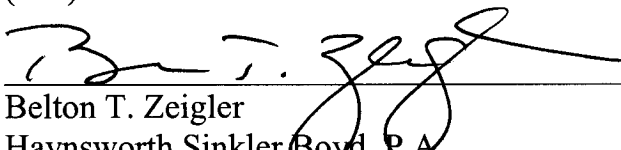
Belton T. Zeigler
Haynsworth Sinkler Boyd, P.A.
Post Office Box 11889
Columbia, South Carolina 29211
(803) 779-3080

WHEREFORE, South Carolina Electric & Gas Company prays that the Commission a) extend the effective time of its September 2, 2005 Emergency Order Authorizing Petitioner to Make Sales of Approved Emergency Gas (Supply Related) from September 30, 2005, to November 30, 2005, b) approve continued administration of the supply-related Emergency Gas sales program as set forth herein, and c) authorize SCE&G to provide interruptible transportation service on a daily basis to curtailed interruptible customers during supply related curtailments where it determines that capacity is sufficient to support such service.

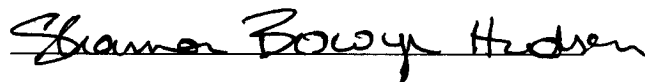
Respectfully submitted,

Patricia Banks Morrison
Senior Counsel
South Carolina Electric & Gas Company
Columbia, South Carolina 29218
(803) 217-9356

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Willoughby & Hoefer, P.A.
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The above petition has been reviewed and considered by the Office of Regulatory Staff. ORS finds the request to be in the public interest and would request approval of the petition in its entirety.

A handwritten signature in black ink, reading "Shannon Bowyer Hudson". The signature is written in a cursive, flowing style. The first name "Shannon" is written with a large, prominent 'S'. The last name "Hudson" is written with a large, prominent 'H'. The signature is written over a horizontal line.

Florence Belser, Esq.
Shannon Bowyer Hudson, Esq.
Office of Regulatory Staff